

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6363

BILL NUMBER: HB 1152

NOTE PREPARED: Dec 9, 2014

BILL AMENDED:

SUBJECT: County Asset Sale Fund.

FIRST AUTHOR: Rep. Moseley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill authorizes a county that sells a county asset for more than \$50 M to establish a major county asset sale fund as a trust fund for the deposit of the proceeds of the sale.

It provides that the principal of the fund may not be diminished and it specifies that interest earned on the fund may be used to supplement the county general fund or for projects proposed by the county executive and approved by a majority vote of the combined membership of the county fiscal body and county executive.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary* - The bill could decrease county expenditures to the extent that the proceeds of a sale of a large county asset can currently be placed in the county general fund and expended. Under the bill, the proceeds of sale or capital lease of a county asset over \$50 M would be placed in a trust and the principal could not be expended.

The county treasurer may contract with investment management professionals or advisors and legal council for management of the fund. Any expenses would be paid from the fund.

Additionally, if a county treasurer is required to establish a county asset sale fund due to the sale of an asset

for over \$50 M, a county board of finance would be established in counties outside of Marion County, where a county board of finance is already established. If the county council were to decide that the additional responsibilities required additional compensation, the salary of these county officials could increase. Any compensation changes for officials would be the decision of the county council, which sets official compensation.

Explanation of Local Revenues: The bill has indeterminate fiscal impact on county government, but allows a county that has sold an asset for over \$50 M to use the interest generated from the proceeds in future periods. The interest generated by the fund will result from the investment of the fund, which is to be invested in the same manner as the Indiana Public Retirement System. However, the fund may not to be invested in equity securities. The county board of finance is to direct the investment of the fund and the county treasurer may contract with advisors to assist.

The principal of the fund may not be diminished, and money in the fund at the end of the year does not revert to the county general fund.

Additional Information: The county board of finance is composed of the county treasurer, the board of county commissioners, and the president of the county council or a designee. The county board of finance is to direct investment of the fund and estimate the amount available for expenditure.

State Agencies Affected:

Local Agencies Affected: Counties.

Information Sources:

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